

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LYON COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2002-00307
PURSUANT TO KRS 278.023)	

O R D E R

On August 20, 2002, Lyon County Water District (Lyon District) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a new \$1,150,000 waterworks improvement project. This project consists of the installation of approximately 27 miles of 8-inch through 3-inch water transmission mains, a booster pumping station and related appurtenances to provide service to approximately 120 new customers. Project funding consists of a \$594,000 loan from the U.S. Department of Agriculture s Rural Development (RD), a \$506,000 grant from the RD and a \$50,000 contribution from the applicant.

Lyon District s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements

were met in the case on August 20, 2002, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Lyon District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Lyon District's proposed plan of financing with RD is accepted.

3. Lyon District is authorized to issue bonds not to exceed \$594,000.

4. Lyon District shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Lyon District shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Lyon District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

8. Lyon District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, Lyon District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

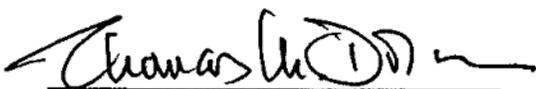
that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 18th day of September, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. Dixon", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00307 DATED September, 18, 2002

The following rates and charges are prescribed for the customers in the area served by Lyon County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8 X 3/4" Meter:

First	2,000 gallons	\$18.40 Minimum Bill
Next	3,000 gallons	7.69 per 1,000 gallons
Next	5,000 gallons	5.66 per 1,000 gallons
Next	10,000 gallons	3.63 per 1,000 gallons
All Over	20,000 gallons	3.13 per 1,000 gallons

3/4" Meter:

First	4,000 gallons	\$26.89 Minimum Bill
Next	1,000 gallons	6.12 per 1,000 gallons
Next	5,000 gallons	4.51 per 1,000 gallons
Next	10,000 gallons	2.90 per 1,000 gallons
All over	20,000 gallons	2.50 per 1,000 gallons

1 Meter:

First	15,000 gallons	\$70.04 Minimum Bill
Next	5,000 gallons	2.90 per 1,000 gallons
All over	20,000 gallons	2.50 per 1,000 gallons

1-1/2 Meter:

First	25,000 gallons	\$97.00 Minimum Bill
All over	25,000 gallons	2.50 per 1,000 gallons

2 Meter:

First	45,000 gallons	\$146.91 Minimum Bill
All over	45,000 gallons	2.50 per 1,000 gallons